



OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

AUG. 19 1982

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(With Secret Attachment)

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE ATTORNEY GENERAL
THE DIRECTOR, OFFICE OF MANAGEMENT
AND BUDGET
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT FOR
POLICY DEVELOPMENT
UNITED STATES TRADE REPRESENTATIVE
✓ DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT Senior Interdepartmental Group on
International Economic Policy (SIG-IEP)

Attached please find the minutes of the SIG-IEP meeting held on Monday, August 16, 1982.

David E. Pickford
David E. Pickford
Executive Secretary

Attachment

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(With Secret Attachment)

MINUTES

SENIOR INTERDEPARTMENTAL GROUP--INTERNATIONAL ECONOMIC POLICY

August 16, 1982

9:00 a.m.

Roosevelt Room

ATTENDEES:

Treasury

Secretary Regan (Chairman)
Peter Wallison

CIA

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Harry Rowan
Maurice Ernst

Commerce

Lawrence Brady
Irving Margulies

State

Richard McCormack

OMB

David Stockman

Defense

Stephen Bryen
Michael Cifrino

CEA

Murray Weidenbaum
William Poole

Agriculture

Deputy Secretary Richard Lyng
Joseph O'Mara

OPD

Edwin T. Harper

Office of Vice President

Donald Gregg
Admiral Daniel Murphy

NSC

Norman Bailey (Executive Secretary)
Henry Nau
Roger Robinson

USTR

Donald DeKieffer
Dennis Whitfield

Justice

Deputy Attorney General Edward Schmults
Jonathan Rose

Peter Wallison, General Counsel of the Treasury, reported on the legal issues associated with recent controls placed on exports to the Soviet Union of oil and gas equipment and technology. The report was the first of two papers on the subject (the second will deal with litigation and enforcement strategy in specific cases) and reflected the consensus views of the legal offices of the Departments of State, Treasury, Defense and Commerce, and the Justice Department's Office of Legal Counsel.

Lawrence Brady, Assistant Secretary of Commerce, circulated a paper describing the administrative actions available to the Commerce Department for enforcement of the controls. Also circulated was a form letter to the four G.E. licensees in Europe warning them of possible consequences should they proceed to violate the controls. Concern was expressed about the tone of this letter, given the sensitivities abroad on this issue, and the Chairman suggested that a less threatening version be developed and sent. A second Commerce letter, requesting information from American companies, was also reviewed, but since the letter had not yet been cleared by OMB under the Paperwork Reduction Act, no action was taken.

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On the question of the government's next steps, it was decided that this matter would be taken up at a meeting of the SIG-IEP after circulation and review of the second legal paper. At that time, consideration will be given to proceeding with enforcement in the normal course, or taking the matter to the NSC or the President.

The Commerce Department then provided an update on the steel dispute with the EC, noting that the agreement which was rejected by U.S. Steel may be resurrected, and that the Europeans are preparing for its implementation. A final determination on countervailing duty cases is due on August 24. On August 9, the dumping cases were filed. The EC has set an arbitrary date of September 15 to have the matter resolved.

The matter was referred to the Cabinet Council on Commerce and Trade to prepare a paper for the SIG-IEP.

The Chairman then reported that the financial condition of Mexico had required extraordinary action over the preceding weekend. A Mexican delegation headed by the Minister of Finance met with the Chairman on August 13 and advised that it would be necessary for Mexico to restructure its external debt in order to avoid default. Because of the substantial Mexican debt to United States banks, and the commitment of the United States generally to stable international economic conditions, the Treasury Department developed the following interim four-point assistance program, which was outlined to the meeting by R. T. McNamar, Deputy Secretary of the Treasury:

- (1) An advance purchase of Mexican oil by the Strategic Petroleum Reserve and the Defense Department, aggregating \$1 billion;
- (2) An undertaking by the United States to assist in arranging a temporary loan from major central banks;
- (3) Mexico's agreement to meet with its lenders to discuss the restructuring of its debt; and
- (4) Mexico's agreement to develop domestic economic measures in consultation with the IMF.

The Chairman noted that Treasury was working on a study of the financial conditions of other countries which might need assistance in the future.

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THE SECRETARY OF THE TREASURY
WASHINGTON 20220

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Senior Interdepartmental Group
on
International Economic Policy

Monday, August 16, 1982
9:00 a.m.
Roosevelt Room

Attendees

Treasury	- Secretary Regan, Chairman Peter Wallison (General Counsel)
Office of the Vice President	- Donald Gregg (Asst to VP for National Security Affairs) ADM Daniel Murphy (Chief of Staff)
State	- Richard McCormack (A/S-Desig Econ) Davis Robinson (General Counsel)
Defense	- Stephen Bryen (A/S Econ Trade & Security Affairs) Michael Cifrino (Asst Gen Couns)
Agriculture	- Deputy Secretary Richard Lyng Joseph O'Mara (Asst for Admin for Intl Trade Policy)
Commerce	- Lawrence Brady (A/S Trade Admin) Irving Margulies (Dep Gen Couns)
Justice	- Dep Att General Edward Schmults Jonathan Rose (Asst AG-Legal Pol)
CIA	- Harry Rowan Maurice Ernst
NSC	- Henry Nau Roger Robinson Norman Bailey
USTR	- Donald DeKieffer (General Counsel) Dennis Whitfield (Exec Asst USTR)
OMB	- David Stockman William Schneider
CEA	- Murray Weidenbaum William Poole
OPD	- Edwin T. Harper Roger Porter

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redacted part

Meeting No. V